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War Tax

A complete analysis
of the War Revenue Law
enacted by the
Congress, 1917

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War Tax

A complete analysis and
Explanation of Normal Taxes and
Special *War Taxes*
now imposed by the Federal Government,
including tables and examples,
applied to
corporations, partnerships,
individuals, etc.

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Compiled, charted and edited by
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The information contained in this book is the result of long study, followed by painstaking investigation made by the author in the City of Washington while the War Tax law was in process of enactment. All his statements, tables and examples were gone over and verified by the best tax experts in Washington before they were released for publication.

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PUBLIC RANGE

War Tax

Foreword

On October 3, 1917, Congress enacted the most far-reaching War Tax law ever known to the American people. It became immediately effective. The details of the numerous War Taxes are of interest to every person earning over $1,000 a year, and to every corporation, partnership or other concern, and every individual engaged in business.

This book tells the taxpayer what the War Taxes are, when, where and how they must be paid, and helps him to solve his own tax problems arising from this legislation and to make the returns required by the law. Severe penalties fall upon those who, through ignorance or otherwise, fail to make returns in the manner and at the time prescribed by law, and who do not pay promptly the taxes found to be due.

It is important to note that the rates given here are the combined taxes of the old and the new laws. No reference need be made to the old revenue law in figuring the taxes now in effect.

War Income Tax

(Effective from Jan. 1, 1917)

ON INDIVIDUALS

Every person, a citizen or resident of the United States, who received more than $1000 net income in the preceding calendar year, if unmarried, and more than $2000 if married, must pay income tax. This tax applies to every citizen or resident of the United States as to his or her net income from all sources within and without the United States, and to every non-resident alien as to his or her net income from sources within the United States, including the interest on bonds, notes and other interest-bearing obligations, not specifically exempted.

INCOME DEFINED

Income includes gains, profits and income from salaries, wages or compensation for personal services of every character, or from professions, vocations, businesses, trade, commerce or sales, or dealings in property, real or personal, growing out of the ownership or use of or interest in real or personal property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, and income derived from any source whatever. Net income is that which remains after the deductions herein enumerated are made.

NORMAL AND ADDITIONAL TAXES DEFINED

The Income Tax on individuals is divided into two parts, the Normal tax and the Additional or Surtax. Both are computed on the net income for the preceding calendar year ending December 31. The Normal tax is a fixed rate on the net income above the personal exemptions stated above. The Additional or Surtax is a graduated tax on net incomes above $5000.

THE RATES

The Normal tax on an unmarried person's net income is 2 per cent on the amount of income over $1000 and not over $3000, and 4 per cent on the amount of income over $3000. The Normal tax on a married person's net income is 2 per cent on the amount of income over $2000 and not over $4000, and 4 per cent on the amount of income over $4000.

EXAMPLE OF NORMAL TAX
(Unmarried person)

Net income for taxable year	$5,000.00
Amount exempted	1,000.00
Amount taxable	$4,000.00
as follows:	
2% on amount by which $3,000 exceeds $1,000 (that is, 2% on $2,000)	$40.00
4% on amount by which $5,000 exceeds $3,000 (4% on $2,000)	80.00
Total tax	$120.00

EXAMPLE OF NORMAL TAX
(Married person)

Net income for taxable year	$5,000.00
Amount exempted	2,000.00
Amount taxable	$3,000.00
as follows:	
2% on amount by which $4,000 exceeds $2,000, (that is, 2% on $2,000)	$40.00
4% on amount by which $5,000 exceeds $4,000, (4% on $1,000)	40.00
Total tax	$80.00

ADDITIONAL OR SURTAX

The law of 1916 imposed a surtax on annual net incomes over $20,000. The War Tax not only increased the old rates on sums above $20,000, but fixed a new surtax on all incomes in excess of $5000. On pages 16 and 17 will be found an Income Tax table combining the old and new rates on sums from $2000 to $2,000,000 inclusive. Also on page 19 will be found a condensed table giving the total percentages of the old and new taxes.

EXAMPLE OF COMBINED NORMAL AND SURTAXES
(For a married person)

Net income for taxable year	$100,000
NORMAL TAX	
2% on amount by which $4,000 exceeds $2,000, (2% on $2,000)	$ 40.00
4% on amount by which $100,000 exceeds $4,000 (4% on $96,000)	3,840.00
Total normal tax	$3,880.00
SURTAX	
1% on amount by which $7,500 exceeds $5,000 (1% on $2,500)	25.00
2% on amount by which $10,000 exceeds $7,500 (2% on $2,500)	50.00
3% on amount by which $12,500 exceeds $10,000 (3% on $2,500)	75.00
4% on amount by which $15,000 exceeds $12,500 (4% on $2,500)	100.00
5% on amount by which $20,000 exceeds $15,000 (5% on $5,000)	250.00
8% on amount by which $40,000 exceeds $20,000 (8% on $20,000)	1,600.00
12% on amount by which $60,000 exceeds $40,000 (12% on $20,000)	2,400.00
17% on amount by which $80,000 exceeds $60,000 (17% on $20,000)	3,400.00
22% on amount by which $100,000 exceeds $80,000 (22% on $20,000)	4,400.00
Total tax	$16,180.00

PERSONAL EXEMPTIONS

For the purpose of the Normal tax only, the following exemptions are allowed:

$1,000 for a single person not the head of a family.
$2,000 for a married person living with spouse, or the head of a family.
Only one deduction shall be made for a husband and wife living together.

A further exemption of $200 for each dependent child under 18 years of age. This exemption may also be made by a trustee or guardian, as to income from property in his charge in favor of each such ward.

There is also allowed an exemption from the amount of the net income of estates of deceased citizens or residents of the United States during the period of administration or settlement, and of trust or other estates of citizens or residents the income of which is not distributed annually or regularly, the sum of $3000, including the deductions allowed under the head "Deductions Allowed."

A non-resident alien is not required to pay the 2% additional Normal tax imposed by the War Revenue law. To compensate for this exemption such non-resident alien is allowed no personal exemption for the purpose of the Normal tax of 2% imposed by the law of 1916.

OTHER EXEMPTIONS

Income from the following sources is exempt from taxation:

1. Proceeds of life insurance policies paid to individual beneficiaries upon death of insured.
2. Amount received by the insured as return premiums on life insurance endowment, or annuity contracts, either during the term, or upon surrender of the contract.
3. Value of property acquired by gift, bequest or devise or descent (but income from such property shall be included as income.)
4. Interest on obligations of a State or any political subdivision thereof, or on obligations of United States (which contain no provision specifically subjecting them to taxation), or its possessions, or securities under Federal Farm Loan Act.
5. Compensation of present President of United States during term for which he has been elected, and judges of Supreme Court and inferior courts of United States now in office, and compensation of all officers and employees of a State or any political subdivision thereof, except when such compensation is paid by United States Government.

DEDUCTIONS ALLOWED

On the net income of a citizen or resident following deductions are allowed:

1. Necessary expenses actually paid in carrying on any business or trade, not including personal, living or family expenses.
2. All interest paid within the year on indebtedness, except indebtedness incurred for purchase of obligations or securities, the interest on which is exempt from taxation as income.
3. Taxes paid, including those imposed by United States (except Income and excess Profits taxes) or of its territories or possessions, or of any foreign country, or of any State, county, school district or municipality, not including those assessed against local benefits.
4. Losses actually sustained in business or trade, or from fires, storms, shipwreck or any other casualty, and from theft, when such losses are not compensated for by insurance or otherwise.

To ascertain losses sustained from sale or other disposition of property acquired before March 1, 1913, the fair market price or value as of March 1, 1913, shall be basis for determining same.

5. In transactions entered into for profit but not connected with the business or trade, the losses actually sustained therein to an amount not exceeding profits arising therefrom.

6. Debts due actually ascertained to be worthless and charged off within the year.
7. Reasonable allowance for exhaustion, wear and tear of property from its use or employment in business or trade.

(a) In case of oil or gas wells a reasonable allowance for actual reduction in flow and production, to be ascertained not by the flush flow but by the settled production or regular flow.

(b) In case of mines a reasonable allowance for depletion not to exceed market value in the mine of the product thereof, which has been mined and sold during the year, such reasonable allowance to be made in cases of both (a) and (b) under regulations prescribed by Secretary of Treasury. When the allowances authorized in (a) and (b) shall equal capital originally invested, or in case of purchase made prior to March 1, 1913, the fair market value as of that date, no further allowance shall be made.

No deduction shall be allowed for money paid out for new buildings, permanent improvements or betterments, made to increase the value of the property and no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made.

8. Contributions or gifts actually made within the year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 15% of the taxpayer's taxable net income as computed without the benefit of this deduction. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the commissioner of Internal Revenue.

CREDITS ALLOWED

In figuring Normal tax only, income embraced in a personal return may be credited with dividends received on stock or from the net earnings of any corporation, joint-stock company or association, trustee or insurance company, which is taxable upon its net income. This means that no Normal tax is paid upon income received by the individual as dividends from any corporation, joint-stock company, association, etc.

DEDUCTIONS ALLOWED NON-RESIDENT ALIENS

1. Necessary expenses actually paid in carrying on any business or trade conducted in United States, not including personal, living or family expenses.
2. Proportion of interest paid on indebtedness (except that incurred for the purchase of securities the interest on which is exempt from income tax), which the gross income for the year from sources in the United States bears to gross income from all sources within and without United States. This deduction will be allowed only if the return includes all the information necessary for its calculation.
3. Taxes paid, imposed by United States, its Territories, or possessions, or by any State, county, school district or municipality, paid within United States, except income and excess profits taxes not including those assessed against local benefits.

Deductions specified in Paragraphs 4, 5, 6, and 7, under the heading "Deductions Allowed," are also allowed in case of non-resident aliens.

CREDITS ALLOWED NON-RESIDENT ALIENS

In addition to credits allowed citizens or residents heretofore specified, non-resident aliens are allowed a credit for income the Normal tax on which has been paid or withheld for payment at the source of the income.

A non-resident alien will be allowed deductions and credits provided for only by filing a true return of his total income from all sources in United States. In case of failure to file such return the Collector will collect the tax on such income and all his property will be liable to distraint for the tax.

GUARDIANS, TRUSTEES, ETC. — RETURNS

Guardians, trustees, executors, administrators, receivers, conservators and all persons, corporations or associations acting in any fiduciary capacity must make returns of income of the person, trust or estate for whom or which they act, the same as individuals, and be subject to the provisions which apply to individuals, providing such income exceeds $3000.

PARTNERSHIP RETURNS

Persons carrying on business in partnership are liable for Income tax only in their individual capacity, and the share of profits to which the person would be entitled if same were divided, whether divided or not, must be returned for taxation. From the net distributive interests on which the individual members are liable to tax, both Normal and Additional, there is excluded their proportionate shares received from interest on obligations of a State or any political or tax subdivision thereof; on obligations of the United States (if and to the extent specified in the act authorizing the issue of such obligations that they are exempt from taxation) or its possessions; and on the Normal tax there is allowed a credit for their proportionate shares of profits derived from dividends. Returns must include income from dividends on capital stock or from net earnings of any corporation, joint-stock company or association, or insurance company, except that in case of non-resident aliens such income derived from sources without United States shall not be included.

A partnership has same privilege of fixing and making return on the basis of its own fiscal year as corporations.

RETURNS REQUIRED

Every citizen or resident of the United States having a net income of $1000 or over in case of a single person, and $2000 or over in case of a married person, for the taxable year, is required to file a return with the Collector of Internal Revenue of the district on or before March 1, of the year following the taxable calendar year. If the person making return has no legal residence or place of business in the United States, he will file his return with the Collector of Internal Revenue at Baltimore, Md.

In case of absence, illness or non-residence of a person, the return may be made by an agent, who is responsible for its correctness. Reasonable extension of time in meritorious cases for filing returns by persons residing or traveling abroad and who are unable to file their return on or before March 1, will be granted

ASSESSMENT AND NOTICE

The tax will be assessed by the Commissioner of Internal Revenue and all persons notified of the amount on or before June 1. The tax assessed must be paid on or before June 15. In case of refusal or neglect to make return, and in case of erroneous, false or fraudulent return, Commissioner of Internal Revenue, at any time within three years, will make a return on information obtained and the assessment so made must be paid immediately upon notification.

PAYMENTS IN ADVANCE

The Secretary of the Treasury, under rules and regulations prescribed by him, shall permit taxpayers liable to Income and Excess Profits taxes, to make payments in advance in installments, or in whole, of an amount not in excess of the estimated taxes which will be due from them. Upon final determination of such taxes actually due any amount paid in excess shall be refunded. PROVIDED, that at least one-fourth of such estimated tax shall be paid before the expiration of 30 days after close of the taxable year; at least one-fourth within two months after close of taxable year; at least one-fourth within four months after close of taxable year, and remainder due on or before the time now fixed by law for such payment. Penalties under the old law shall apply to any failure to pay the tax. Interest on advance payments will be credited. Uncertified checks may be received in payment of these taxes.

PENALTY FOR DELAY

To any amount due and unpaid after June 15, and for ten days after notice and demand by the Collector, there will be added 5% on the amount of tax unpaid and interest at the rate of 1% a month.

INFORMATION AT THE SOURCE

The provisions of the Act of September 8, 1916, requiring the withholding at the source of tax due on profits or income of resident taxable persons, was repealed, except as to income from bonds containing the tax-free covenant and in its place the law now provides for "Information at the Source" wherever the amount of income received and paid over to the taxable person exceeds $800 for any taxable year.

WITHHOLDING TAX

1. All persons, corporations and others, and all officers and employees of United States having custody, receipt or control of any income of any non-resident alien, except dividends on stock or from net earnings of a corporation which is taxable upon its net income, are required to deduct and withhold a sum sufficient to pay the Normal Income tax, and shall make return thereof on or before March 1 of each year. Sums so withheld must be paid to the Collector for the district in which such sums are withheld. Persons withholding the tax are personally liable, but they are indemnified against all others for all payments withheld.

2. The normal tax shall also be deducted and withheld from fixed or determinable annual or periodical income from interest on bonds and mortgages or deeds of trust or other similar obligations of corporations, companies, associations, etc. (if such bonds, etc., contain a contract by which the obligor agrees to pay any part of the income tax imposed upon the obligee or to reimburse him for any part of the tax, or to pay the interest without deduction for any tax the

obligor may pay thereon or retain therefrom) whether such interest is payable to a non-resident alien individual or to an individual citizen or resident of the United States, subject to the preceding paragraph, unless the person entitled to receive such interest shall file with the withholding agent on or before February 1 a signed notice in writing claiming the benefit of an exemption specified under the head, "Personal Exemptions."

LICENSE TO COLLECT FOREIGN PAYMENTS

All persons, corporations, associations or partnerships making collections of foreign payment of interest or dividends, in any form as a matter of business, must obtain a license from the Commissioner of Internal Revenue. Attempts to make collections without a license will incur a fine not exceeding $5000, or imprisonment not exceeding one year, or both.

The tax on income not falling under the foregoing is assessed by personal return. The intent of this provision is that all incomes defined above shall be charged and assessed with the corresponding tax, and the tax paid by the owner or the representative having custody or control of the income. The liability will be determined as to the year for which a return is required. The provisions relating to deduction and payment of tax at the source of income (except paragraph 2 under the head "Withholding Tax"), applies only to the Normal tax on non-resident alien individuals.

War Income Tax

(Effective from Jan. 1, 1917)

ON CORPORATIONS

A tax of 6% is imposed on the total net income received in the preceding calendar year, from all sources, by every corporation, joint-stock company, association or insurance company, organized in United States. Partnerships are not included.

A like tax of 6% is imposed on the total net income received in preceding calendar year from all sources within the United States, including interest on bonds, notes or other interest-bearing obligations, by every foreign corporation, joint-stock company, association or insurance company. Included in this tax is income from dividends on capital stock or from net earnings of resident corporations, joint-stock companies, associations or insurance companies, whose net income is taxable under this provision.

"Dividends" as here used means any distribution made, or ordered to be made, out of earnings or profits accrued since March 1, 1913, and payable to shareholders, whether in cash or in stock, which stock shall be considered income to the amount of earnings or profits so distributed. Any such distribution made in 1917 or subsequent years shall be deemed to have been made from the most recently accumulated undivided profits or surplus and shall constitute a part of the annual income of the distribution for the year in which received.

Amounts received as dividends are not subject to the 4% war income tax on corporations, but this exception does not apply to the old 2% corporation income tax provision.

UNDISTRIBUTED INCOME PAYS ADDITIONAL TAX

In addition to the Income tax there shall be paid annually an additional tax of 10% on the amount remaining undistributed six months after the end of each calendar or fiscal year of the total net income of every corporation, joint-stock company, or association, or insurance company, received during such year, but not including the amount of any income taxes paid by it within the year imposed by the authority of the United States.

This additional tax of 10% does not apply to that portion of such undistributed net income which is actually invested and employed in the business or is retained for employment in the reasonable requirements of the business, or is invested in obligations of the United States issued

after September 1, 1917. If the Secretary of Treasury ascertains and finds that any portion of such amount so retained at any time for employment in the business is not so employed or is not reasonably required in the business a tax of 15% shall be imposed thereon.

Foregoing taxes shall apply to undistributed net income received by every taxable corporation, joint-stock company or association, or insurance company, in 1917, and each year thereafter, except if it has fixed its own fiscal year, the rates shall apply to the proportion of undistributed net income returned for the fiscal year and prior to December 31, 1917, which the period between January 1, 1917, and end of such fiscal year bears to the whole thereof.

HOOVER WAR COLLECTION

CONDITIONAL AND OTHER EXEMPTIONS

Income received by following is not taxable:

1. Labor, agricultural or horticultural organizations.

2. Mutual savings banks not having a capital stock represented by shares.

3. Fraternal beneficiary societies, orders or associations, operating under the lodge system or for the exclusive benefit of the members of a fraternity, itself operating under the lodge system and providing for the payment of life, sick, accident or other benefits to the members.

4. Domestic building and loan associations and coöperative banks without capital stock organized and operated for mutual purposes and without profit.

5. Cemetery companies owned and operated exclusively for the benefit of their members.

6. Corporations or associations organized and operated exclusively for religious, charitable, scientific or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual.

7. Business leagues, chambers of commerce or boards of trade, not organized for profit.

8. Civic leagues or organizations not organized for profit, but operated exclusively for the promotion of social welfare.

9. Clubs organized and operated exclusively for pleasure, recreation, and other non-profitable purposes.

10. Farmers' or other mutual hail, cyclone or fire insurance companies, mutual ditch or irrigation companies, mutual or coöperative telephone companies, or like organizations of a purely local character, income of which consists solely of assessments, dues and fees collected from members for sole purpose of meeting expenses.

11. Farmers', fruit growers' or like associations, organized and operated as a sales agent for the purpose of marketing the products of its members and turning back to them the proceeds, less necessary selling expenses.

12. Corporations or associations organized for the exclusive purpose of holding title to property, collecting income therefrom and turning over entire amount thereof, less expenses, to an organization which itself is exempt from the tax.

13. Federal Land banks and National Farm Loan associations.

14. Joint-stock Land banks as to income derived from bonds or debentures of other joint stock land banks or any Federal Land bank belonging to such joint-stock land bank.

There shall not be taxed under this title any income derived from any public utility or from the exercise of any essential governmental function accruing to any State, territory, or any political subdivision thereof, nor any income accruing to the Government of the Philippine Islands or Porto Rico, or of any political subdivisions of either.

DEDUCTIONS ALLOWED DOMESTIC CORPORATIONS, ETC.

In case of a corporation, joint-stock company or association, or insurance company, organized in the United States the net income is ascertained by deducting from the gross income from all sources—

1. All ordinary and necessary expenses in the maintenance and operation of its business and properties, including rentals or other payments required as a condition to continued use of property to which the corporation has not taken title or in which it has no equity.

2. All losses actually sustained charged off within the year and not compensated by insurance or otherwise, including a reasonable allowance for exhaustion, wear and tear of property, arising out of its use in the business or trade.

(a) In case of oil or gas wells a reasonable allowance for actual reduction in flow and production, to be ascertained not by the flush flow, but by the settled production or regular flow.

(b) In case of mines a reasonable allowance for depletion, not to exceed the market value in the mine of the product which has been mined and sold during the year.

3. Interest paid within year on indebtedness (except indebtedness incurred for purchase of obligations or securities the interest upon which is exempt from tax) and the amount of such indebtedness not in excess of the sum of the entire amount of paid-up capital outstanding at close of year, or, if no capital stock, entire amount of capital employed in the business at close of year and one-half its interest-bearing indebtedness then outstanding.

4. Taxes paid within year imposed by authority of United States (except Income and Excess Profits taxes), or of its Territories, or possessions, or any foreign country, or by any State, county, school district or municipality, or other taxing subdivision of any State, not including those assessed against local benefits.

Where shares of capital stock are issued without par or nominal value, the amount of paid-up capital stock represented by such shares will be the amount of cash or its equivalent paid or transferred to the corporation as consideration for such shares.

Preferred capital stock is not considered interest-bearing indebtedness and interest or dividends paid on this stock is not deductible from the gross income.

In case of indebtedness wholly secured by property collateral, tangible or intangible, the subject of sale or hypothecation in the ordinary business as a dealer only in property constituting such collateral or in loaning the funds thus procured, the total interest paid within the year on such indebtedness may be deducted as part of its expense of doing business. Interest on such indebtedness is only deductible on the amount thereof not in excess of the actual value of such property collateral.

In the case of bonds or other indebtedness which have been issued with the guaranty that the interest payable thereon shall be free from taxation, no deduction for payment of this tax or any other tax pursuant to such guaranty shall be allowed.

In case of a bank, banking association, loan or trust company, interest paid during the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by them shall be deducted.

DEDUCTIONS ALLOWED FOREIGN CORPORATIONS, ETC.

1. All ordinary and necessary expenses actually paid out of earnings in the maintenance of its property within United States, including rentals and other payments required to be made as a condition to continued use of the property, to which the corporation has not taken title or in which it has no equity.

2. All losses actually sustained within year from business or trade conducted by it within United States and not compensated for by insurance or otherwise, including reasonable allowance for exhaustion, wear and tear of property arising out of its use or employment in the business or trade.

Deductions in case of oil and gas wells and mines owned by foreign corporations are the same as in case of domestic corporations.

3. Interest paid on indebtedness (except indebtedness incurred for purchase of obligations or securities the interest upon which is exempt from taxation as income) not in excess of the proportion of the sum of entire amount of paid-up capital stock outstanding at close of year, or, if no capital stock, the entire amount of capital employed in the business at close of year, and one-half its interest-bearing indebtedness then outstanding, which the gross amount of its income for the year from business transacted and capital invested within United States bears to gross amount of income derived from all sources.

4. Taxes paid, imposed by United States (except Income and Excess Profits taxes), or its *territories or possessions*, or by any State, county, school district or municipality, or other taxing *subdivision of any State, paid within* United States, not including those assessed against local *benefits.*

CORPORATION RETURNS

Return must be made and the tax paid on net income received in each preceding calendar year ending December 31. Any corporation may designate the last day of any month as the close of its fiscal year, and thus have the tax payable for the year ending on the last day of any designated month instead of upon the last day of December. It must, however, give notice of the day designated as the close of its fiscal year to the Collector not less than 30 days prior to March 1 of the year in which return would be filed if made on the basis of the calendar year.

DATE FOR FILING RETURNS

On or before March 1, 1918, and every calendar year thereafter, every corporation, joint-stock company or association, or insurance company (or if it has fixed its own fiscal year, then within 60 days after the close of its fiscal year ending prior to December 31, 1917), must render a true return of its net income. The return must be sworn to by the president, vice-president, or other principal officer, and by the treasurer or assistant treasurer, of the concern.

RETURNS BY RECEIVERS OR TRUSTEES

If receivers, trustees in bankruptcy or assignees, are operating a property or business of a corporation they must make returns in same manner as required of such corporation, and pay the tax in the same manner as if assessed directly against the corporation whose business they control.

WITHHOLDING TAX AT THE SOURCE

The provisions relating to the tax required to be deducted and withheld and paid to the United States from income of non-resident aliens from sources within the United States are applicable to the tax on income from interest on bonds and mortgages and deeds of trust or similar obligations of domestic or other resident corporations by non-resident alien firms, copartnerships, companies, corporations, joint-stock companies or associations, or insurance companies, not engaged in business in the United States and not having any office or place of business therein.

ASSESSMENT, NOTIFICATION AND PAYMENT

Taxes on corporations, joint-stock companies or associations, or insurance companies, will be assessed, and they will be notified of the amount of their liability on or before June 1 of each year, and the tax must be paid on or before June 15. If the corporation, joint-stock company or association, or insurance company, has fixed its own fiscal year, the tax must then be paid within 105 days after the date on which it is required to file its return.

PENALTIES

Any person, corporation, partnership, association, or insurance company, liable to pay the tax, to make a return or to supply information required, who refuses or neglects to pay such tax, to make such return or to supply such information at the time or times herein specified in each year, shall be liable (except as otherwise specially provided) to a penalty of not less than $20 nor more than $1000. Any individual or any officer of any corporation, partnership, association or insurance company, required by law to make, render, sign or verify any return or to supply any information, who makes any false or fraudulent return or statement with intent to defeat or evade the tax is guilty of a misdemeanor and shall be fined not exceeding $2000 or be imprisoned not exceeding one year, or both.

DIVIDEND STATEMENT BY CORPORATIONS, ETC.

Every corporation, joint-stock company or association, or insurance company, when required, must render a correct, verified return of its payments of dividends, made in cash or in stock, including names and addresses of stockholders, and number of shares owned by each, and the tax years in which dividends were earned, and the applicable amounts.

BROKERS' REPORTS ON CUSTOMERS

Every person doing business as a broker on any exchange or board of trade must, when required, render a verified return showing names of customers, with such details as to profits, losses, or other information that may be required.

INFORMATION AT THE SOURCE

This provision requires all persons, corporations, partnerships, associations, insurance companies, lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, receivers, conservators, and employers, making payment to another person, corporation, partnership, association, or insurance company, of any moneys whatsoever (other than the payments specified in the two preceding paragraphs), of $800 or more in any taxable year; or in case of payments made by officers or employees of United States Government, having information as to such payments, to make return setting forth a true statement of the amount of income, and the name and address of those receiving same.

These returns will be required regardless of the amount, including cases of payment of interest on bonds and mortgages, or deeds of trust, or other similar obligations, also in case of collections (not payable in United States) of interest on bonds of foreign countries; also interest on bonds and dividends on stock of foreign corporations, by all persons making a business of such collections. The name and address of recipient of income must be furnished, on demand, by every person or corporation paying the income. This applies to the calendar year 1917, and every year thereafter, but shall not apply to the payment of interest on obligations of the United States.

CREDITS ALLOWED FOR EXCESS PROFITS TAX PAID

Sums paid as Excess Profits tax (hereafter explained) may be credited in the return of income. Nothing in the law shall be construed as taxing income of foreign governments received from investments in the United States, from stocks, bonds or other domestic securities owned by such foreign governments or interest on bank deposits belonging to such governments.

"DIVIDENDS" DEFINED, DISTRIBUTION MADE

The term "Dividends" as used herein shall mean any distribution made or ordered to be made by a corporation, joint-stock company, association or insurance company out of its earnings or profits accrued since March 1, 1913, and payable to its shareholders, whether in cash or in stock of the corporation, joint-stock company, association or insurance company, which stock dividend shall be considered income to the amount of the earnings or profits so distributed.

Any distribution made to the shareholders or members of a corporations, etc., in 1917 or subsequent tax years, shall be deemed to have been made from the most recently accumulated undivided profits or surplus and shall constitute a part of the annual income of the person receiving same for the year in which received and be taxed to him at the rates in force for the years in which the profits or surplus were accumulated by the corporation, association, etc.

Nothing herein shall be construed as taxing any earnings or profits accrued prior to March 1, 1913, but such earnings or profits may be distributed in stock dividends or otherwise, exempt from the tax, after the distribution of earnings and profits accrued since March 1, 1913, has been made. This provision shall not apply to any distribution made prior to August 6, 1917, out of earnings or profits accrued prior to March 1, 1913.

Where any tax has been paid by the taxpayer it shall not be re-collected from any withholding agent, nor shall any penalty be imposed in such cases upon the taxpayer or withholding agent whose duty it is to retain it, for failure to return or pay same, unless such failure was fraudulent, and to avoid payment.

TO PREVENT EVASION

Premiums paid on life insurance policies covering the lives of officers, employees, or those financially interested in any trade or business conducted by an individual, partnership, corporation, or others, shall not be deducted in computing the net income of such person, corporation or concern, or in computing the profits of such partnership for the purposes of claiming the benefit of the exemption and the deductions allowable in the personal income return

War Estate Tax

This tax is assessed and levied on the estate of a deceased person before distribution. It is imposed upon the transfer of the net estate of every decedent, whether a resident or non-resident of the United States. An exemption of $50,000 is allowed only on the gross estate of resident decedents. No exemption is allowed upon the gross estate of non-resident decedents.

Below are the combined rates of the old and new laws between the sums specified.

Value of Net Estate	Rate of Tax	Value of Net Estate	Rate of Tax
Not in excess of $50,000	2%	2,000,000 to 3.000,000	14%
50,000 to 150,000	4%	3,000,000 to 4,000,000	16%
150,000 to 250,000	6%	4,000,000 to 5,000,000	18%
250,000 to 450,000	8%	5,000,000 to 8,000,000	20%
450,000 to 1,000,000	10%	8,000,000 to 10,000,000	22%
1,000,000 to 2,000,000	12%	Over 10,000,000	25%

This tax does not apply to the transfer of the net estate of any decedent dying while serving in the military or naval forces during the present war, or if death results from injuries received or disease contracted in such service within one year after the President's proclamation declaring such war at an end.

PROCEDURE

The executor or administrator of the estate must give written notice to the Collector of the district where the estate is located, within 30 days after qualifying or coming into possession, of any property of a resident or non-resident decedent, in all cases where the gross estate exceeds $60,000, and in case of a non-resident decedent any part of whose estate is situated in United States.

GROSS ESTATE DEFINED

To determine gross estate, include all real and personal property conveyed by gift or in trust in contemplation of death, and the interest of decedent in property held jointly or as tenants in entirety. Any transfer of a material part of one's estate in the nature of a final disposition, or any distribution made by decedent within two years prior to death, will, unless otherwise shown to the contrary, be deemed to have been made in contemplation of death, and, therefore, subject to the tax.

NET ESTATE DEFINED

1. The net estate of a resident decedent is determined by deducting from the gross estate funeral and administrative expenses, all claims against estate, unpaid mortgages, losses incurred during settlement when not compensated for by insurance, support during settlement of those dependent upon decedent, and such other charges allowed by the laws of the jurisdiction.
2. An exemption of $50,000.

In case of a non-resident decedent, the net estate is determined by deducting from the value of that part of his gross estate which at time of death is situated in United States that proportion of deductions specified above in Paragraph 1 which the value of such part bears to the value of his entire gross estate wherever situated. No deduction is allowed unless the executor includes in the return the value at time of non-resident's death of that part of the gross estate not situated in United States.

Stock in a domestic corporation owned and held by a non-resident decedent shall be deemed property within United States, and any property of which decedent has made a transfer or with respect to which he has created a trust, shall be deemed to be situated in United States, if so situated either at the time of transfer or creation of the trust, or at the time of his death.

PAYMENT

The tax must be paid within one year from date of decedent's death. If paid prior thereto a deduction of 5% per annum for the period between payment and date due is allowed. If not paid within 90 days after it is due 10% per annum interest will be added from date of decedent's death. If delay is due to litigation, the interest will be 6% per annum from due date until the cause of delay is removed; thereafter at 10% until paid.

The tax must be paid at the office of the Collector of the district where decedent lived, if within United States; otherwise payment must be made to the Collector where the gross estate is located. If the estate is located in two or more districts, the tax is payable to the Collector at Baltimore, Md.

The executor must file with the Collector a return, under oath, in duplicate, setting forth the value of gross estate at time of decedent's death, or, in case of a non-resident that part of gross estate situated in United States.

PENALTIES

For knowingly making a false statement or return, a fine not exceeding $5,000, or imprisonment not exceeding one year, or both, will be imposed. If the tax is not paid within 60 days after it is due (that is one year and 60 days after decedent's death) the Collector will, unless there is cause for further delay, commence proceedings in United States court to sell the property under judgment, and the tax, together with cost and expenses, must be first paid, and the balance deposited according to the court's order.

Unless the tax is sooner paid, it will become a lien for ten years on the gross estate, except that such part of gross estate as is used to pay charges against the estate and expense of administration shall not be subject to lien.

War Excess Profits Tax

(Effective from Jan. 1, 1917)

This is a new tax upon excess incomes of corporations, and partnerships, and the business of individuals. The law of March 3, 1917, is repealed. The average net profits for the years 1911, 1912, and 1913, called the "Prewar Period," are taken as the basis of deduction in the computation of the war excess profits.

In arriving at the excess profits an exemption from the net income, as shown by the income tax returns, of the same percentage of the invested capital as was earned during the prewar period, but not less than 7% nor more than 9% of the actual capital invested, is allowed. Domestic partnerships and citizens or residents of the United States are allowed, in addition, a flat deduction of $6000, and all domestic corporations a flat deduction of $3000. No such deduction is allowed foreign corporations or partnerships, or non-resident alien individuals, but the tax does not apply in cases where the income of such foreign corporation, partnership or individual is less than $3000.

LIABILITY FOR TAX

This tax applies to all trades or businesses of whatever description (whether continuously carried on or not) EXCEPT:

(a) Compensation or fees received by officers and employees of the United States, or any State, Territory, the District of Columbia, or any subdivision thereof.

(b) Corporations exempt from federal income tax and partnerships and individuals carrying on a similar business.

(c) Incomes derived from the business of life, health, and accident insurance combined in one policy issued on the weekly premium payment plan.

All the trades and businesses in which a corporation or partnership is engaged shall be deemed to be a single trade or business, and all its income from whatever source derived shall be deemed to be received from such trade or business.

GRADUATED RATES

The tax is levied upon the net income in excess of the deduction allowed, equal to the following percentages:

Twenty per cent of the amount of the net income in excess of the total deduction and not in excess of fifteen per cent of the invested capital for the taxable year.

Twenty-five per cent of the amount of the net income in excess of fifteen per cent and not in excess of twenty per cent of such capital.

Thirty-five per cent of the amount of the net income in excess of twenty per cent and not in excess of twenty-five per cent of such capital.

Forty-five per cent of the amount of the net income in excess of twenty-five per cent and not in excess of thirty-three per cent of such capital.

Sixty per cent of the amount of the net income in excess of thirty-three per cent of such capital.

The following tabular statement presents these rates in condensed form:

Percentage of Deduction	Tax Rate
More than the deduction and not more than 15%	20%
More than 15% and not more than 20%	25%
More than 20% and not more than 25%	35%
More than 25% and not more than 33%	45%
More than 33%	60%

DEDUCTIONS ALLOWED

Domestic corporations: $3000 and an amount equal to the same percentage of the invested capital for the taxable year which the average amount of annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than seven nor more than nine per cent of the invested capital for the taxable year).

Domestic partnerships or citizens or residents: $6000 and an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than seven nor more than nine per cent of the invested capital for the taxable year).

Foreign corporations, partnerships or non-resident alien individuals: An amount ascertained in the same manner as in the foregoing paragraphs, but without any exemption of $3000 or $6000.

EXAMPLE No. 1.

To show the application of the above provision let us assume the following conditions:

A corporation with average prewar profits of $10,000, and a profit for the taxable year of $30,000, with a capital of $100,000 for both the prewar period and the taxable year.

Capital for both taxable year and prewar period	$100,000
Average net income for prewar period	10,000
Net income for taxable year	30,000
Per cent of prewar profit to capital, 10%. Maximum deduction 9% of capital for taxable year ($9000) and $3000	12,000
Amount subject to tax	18,000

Amount in excess of deduction and not in excess of 15% of capital for taxable year	Amount Taxable	Tax Rate	Tax
	$3000	20%	$ 600
15% to 20% of such capital	5000	25%	1250
20% to 35% of such capital	5000	35%	1750
25% to 33% of such capital	5000	45%	2250
Total	$18,000		$5850

INCOME TAX TABLE AS A

NET INCOME	NORMAL TAX		ADDITIONAL OR SURT								
	New 2%	Old and New 4%	1%	2%	3%	4%	5%	8%	12%	17%	
	On Excess of $2,000	On Excess of $4,000	$5,000 to $7,500	$7,500 to $10,000	$10,000 to $12,500	$12,500 to $15,000	$15,000 to $20,000	$20,000 to $40,000	$40,000 to $60,000	$60,000 to $80,000	$8 $1
$ 2,000	$	$									
3,000	20.00										
4,000	40.00										
5,000	40.00	40.00									
7,500	40.00	140.00	$25.00								
10,000	40.00	240.00	25.00	$50.00							
12,500	40.00	340.00	25.00	50.00	$75.00						
15,000	40.00	440.00	25.00	50.00	75.00	$100.00					
20,000	40.00	640.00	25.00	50.00	75.00	100.00	$250.00				
25,000	40.00	840.00	25.00	50.00	75.00	100.00	250.00	$ 400.00			
30,000	40.00	1,040.00	25.00	50.00	75.00	100.00	250.00	800.00			
40,000	40.00	1,440.00	25.00	50.00	75.00	100.00	250.00	1,600.00			
50,000	40.00	1,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	$1,200.00		
60,000	40.00	2,240.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00		
70,000	40.00	2,640.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	$1,700.00	
80,000	40.00	3,040.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	
90,000	40.00	3,440.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	$2,
100,000	40.00	3,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
110,000	40.00	4,240.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
125,000	40.00	4,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
135,000	40.00	5,240.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
150,000	40.00	5,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
160,000	40.00	6,240.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
170,000	40.00	6,640.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
180,000	40.00	7,040.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
200,000	40.00	7,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
225,000	40.00	8,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
250,000	40.00	9,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
275,000	40.00	10,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
300,000	40.00	11,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
350,000	40.00	13,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
400,000	40.00	15,840.00	25.00	50.00	75.00	100.00	250 00	1,600.00	2,400.00	3,400.00	4,
450,000	40.00	17,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
500,000	40.00	19,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
550,000	40.00	21,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
600,000	40.00	23,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
650,000	40.00	25,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
700,000	40.00	27,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
750,000	40.00	29,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
800,000	40.00	31,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
900,000	40.00	35,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
1,000,000	40.00	39,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
1,500,000	40.00	59,840.00	25.00	50.00	75.00	100.00	250.00	1,600.00	2,400.00	3,400.00	4,
2,000,000	40.00	79,840.00	25.00	50.00	75.00	100. 0	250.00	1,600.00	2,400.00	3,400.00	4,

On all sums in excess of $2,000,000 the rate is 63%. EXEMPTIONS: Married man $2000, unmarried man $1000.

PLIED TO INDIVIDUALS

COMBINING BOTH OLD AND NEW RATES

	27%	31%	37%	42%	46%	50%	55%	61%	62%	TOTAL TAX
)0	$100,000	$150,000	$200,000	$250,000	$300,000	$500,000	$750,000	$1,000,000	$1,500,000	
)00	to $150,000	to $200,000	to $250,000	to $300,000	to $500,000	to $750,000	to $1,000,000	to $1,500,000	to $2,000,000	
										$
										20.00
										40.00
										80.00
										205.00
										355.00
										530.00
										730.00
										1,180.00
										1,780.00
										2,380.00
										3,580.00
										5,180.00
										6,780.00
										8,880.00
										10,980.00
										13,580.00
										16,180.00
.00	$ 2,700.00									19,280.00
.00	6,750.00									23,930.00
.00	9,450.00									27,030.00
.00	13,500.00									31,680.00
.00	13,500.00	$ 3,100.00								35,180.00
.00	13,500.00	6,200.00								38,680.00
.00	13,500.00	9,300.00								42,180.00
.00	13,500.00	15,500.00								49,180.00
.00	13,500.00	15,500.00	$ 9,250.00							59,430.00
.00	13,500.00	15,500.00	18,500.00							69,680.00
.00	13,500.00	15,500.00	18,500.00	$10,500.00						81,180.00
.00	13,500.00	15,500.00	18,500.00	21,000.00						92,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	$23,000.00					117,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	46,000.00					142,680.00
.00	15,500.00	15,500.00	18,500.00	21,000.00	69,000.00					167,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00					192,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	$ 25,000.00				219,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	50,000.00				246,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	75,000.00				273,680.00
.00	15,500.00	15,500.00	18,500.00	21,000.00	92,000.00	100,000.00				300,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00				327,680.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00	$ 27,500.00			357,180.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00	82,500.00			416,180.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00	137,500.00			475,180.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00	137,500.00	$305,000.00		800,180.00
.00	13,500.00	15,500.00	18,500.00	21,000.00	92,000.00	125,000.00	137,500.00	305,000.00	$310,000.00	1,130,180.00

HOOVER WAR COLLECTION

This table is based on a married man's exemption. To ascertain unmarried man's tax add $40 to total tax.

EXAMPLE No. 2

If during the prewar period the average net income was less than an amount equal to 7% of the capital for the taxable year the deduction allowed is 7%.

To show the application of this provision, let us assume the following conditions: A corporation with average prewar profits of $5000 and taxable year profits of $15,000, with a capital for both periods of $100,000.

Capital for both periods	$100,000
Net income for taxable year	15,000
Average net income for prewar period	5,000
Per cent of prewar profits to capital, 5%. Minimum deduction, 7% of capital for taxable year ($7000) and $3000	10,000
Amount subject to tax	5,000

	Amount Taxable	Tax Rate	Tax
Amount in excess of deduction and not in excess of 15% of capital for taxable year	$5000	20%	$1000
Total	$5000		$1000

EXAMPLE No. 3

Let us assume conditions involving a change in the amount of capital.

A corporation with prewar profits of $8000 on a capital of $100,000, and taxable year profits of $25,000 on a capital of $150,000.

Capital for prewar period	$100,000
Capital for taxable year	150,000
Net income for taxable year	25,000
Average net income for prewar period	8,000
Per cent of prewar profits to capital, 8%.	
Per cent of taxable year profits to capital, 16⅔%.	
Deduction, 8% of capital for taxable year, ($12,000), and $3,000	15,000
Amount subject to tax	10,000

	Amount Taxable	Tax Rate	Tax
Amount in excess of deduction and not in excess of 15% of capital for taxable year	$7500	20%	$1500
15% to 20% of such capital	2500	25%	625
Total	$10,000		$2125

EXAMPLE No. 4

Partnerships and individuals are allowed a flat deduction of $6000 in addition to the percentage deduction. Let us assume the following conditions;

A partnership with prewar profits of $12,000 and taxable year profits of $18,000, with a capita of $100,000 for both periods.

Capital for both periods	$100,000
Net income for taxable year	18,000
Average net income for prewar period	12,000
Per cent of prewar profits to capital, 12%.	
Maximum deduction, 9% of capital for taxable year ($9000) and $6000	15,000
Amount subject to tax	3,000

	Amount Taxable	Tax Rate	Tax
Amount in excess of deduction and not in excess of 15% of capital for taxable year	$0000	—	—
15% to 20% of such capital	$3000	25%	$750.00
Total	$3000		$750.00

EXAMPLE No. 5

In order to show the tax on the larger war incomes let us assume the following conditions:

A corporation with prewar profits of $100,000 and taxable year profits of $300,000, with a capital of $1,000,000 for both periods.

Capital for both periods	$1,000,000
Net income for taxable year	300,000
Average net income for prewar period	100,000
Per cent of prewar profits to capital, 10%.	
Maximum deduction, 9% of capital for taxable year ($90,000) and $3,000	93,000
Amount subject to tax	207,000

	Amount Taxable	Tax Rate	Tax
Amount in excess of deduction and not in excess of 15% of capital for taxable year	$57,000	20%	$11,400
15% to 20% of such capital	50,000	25%	12,500
20% to 25% of such capital	50,000	35%	17,500
25% to 33% of such capital	50,000	45%	22,500
Total	$207,000		$63,900

IF NOT IN BUSINESS DURING PREWAR PERIOD

If a corporation or partnership was not in existence, or an individual was not engaged in business during the whole of any calendar year of the prewar period, the deduction shall be an amount equal to eight per cent of the invested capital for the taxable year, plus in the case of a domestic corporation $3000, and in the case of a domestic partnership or a citizen or resident of the United States $6000.

In case of a foreign corporation or partnership or non-resident alien, the net income from sources in the United States during the year is used as the basis of computation.

INVESTED CAPITAL DEFINED

The term "invested capital" used in the War Excess Profits section does not include money or other property borrowed, or stocks, bonds (other than those of the United States) or other assets, the income from which is not subject to tax under the War Excess Profits section, and means, subject to the above limitations:

In the case of a corporation or partnership — (1) Actual cash paid in, (2) actual cash value of tangible property paid in other than cash for stock or shares in such corporation or partnership at the time of such payment (but in case such tangible property was paid in prior to January 1, 1914, the actual cash value of such property on January 1, 1914, but in no case to exceed the par value of the original stock or shares issued therefor), and (3) paid in or earned surplus and undivided profits used or employed in the business, exclusive of undivided profits earned during the taxable year. Actual cash value of patents and copyrights paid in for stock or shares, at the time of such payment, shall be included but not to exceed the par value of such stocks and shares at the time of such payment. Good

CONDENSED INCOME TAX TABLE FOR ASCERTAINING THE PERCENTAGE OF TAX BETWEEN THE SUMS BELOW SPECIFIED.

	Old Law	New Law	
Exemptions:			
Heads of family	$4,000	$2,000	
Other persons	3,000	1,000	
For each minor dependent child	0	200	
		Rate	Total
	Per Cent	Per Cent	Per Cent
Normal rate	2	2	4
Additional tax rate on the amount of income in excess of —			
$5,000 and not of $7,500	0	1	1
7,500 " " " 10,000	0	2	2
10,000 " " " 12,500	0	3	3
12,500 " " " 15,000	0	4	4
15,000 " " " 20,000	0	5	5
20,000 " " " 40,000	1	7	8
40,000 " " " 60,000	2	10	12
60,000 " " " 80,000	3	14	17
80,000 " " " 100,000	4	18	22
100,000 " " " 150,000	5	22	27
150,000 " " " 200,000	6	25	31
200,000 " " " 250,000	7	30	37
250,000 " " " 300,000	8	34	42
300,000 " " " 500,000	9	37	46
500,000 " " " 750,000	10	40	50
750,000 " " " 1,000,000	10	45	55
1,000,000 " " " 1,500,000	11	50	61
1,500,000 " " " 2,000,000	12	50	62
over 2,000,000	13	50	63

will, trade marks, trade brands, the franchise of a corporation or partnership, or other intangible property, shall be included if the corporation or partnership made payment bonafide therefor specifically as such in cash or tangible property, the value not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of payment; but good will, trade marks, trade brands, franchises, or other intangible property, bona fide purchased prior to March 3, 1917, for and with interests or shares in a partnership or for and with shares in the capital stock of a corporation (issued prior to March 3, 1917), in an amount not to exceed, on March 3, 1917, twenty per cent of the total interests or shares in the partnership or of the total shares of the capital stock of the corporation, shall be included at a value not to exceed the actual cash value at the time of such purchase, and in case of issue of stock therefor not to exceed the par value of such stock.

In the case of an individual—(1) Actual cash paid into the trade or business, (2) the actual cash value of tangible property paid into the trade or business, other than cash, at the time of such payment (but if such tangible property was paid in prior to January 1, 1914, the actual cash value on January 1, 1914), and (3) actual cash value of patents, copyrights, good will, trade marks, trade brands, franchises, or other intangible property, paid into the trade or business, at the time of such payment, if payment was made therefor specifically as such in cash or tangible property, not to exceed the actual cash value of the tangible property bona fide paid therefor at the time of such payment.

Invested capital for any year means the average invested capital for the year, averaged monthly.

SUBNORMAL PROFITS

If the Secretary of the Treasury, upon complaint, finds either (1) that during the prewar period domestic corporation or partnership, or a citizen or resident of the United States, had no net income from the trade or business, or (2) that during the prewar period the percentage, which the net income was of the invested capital, was low as compared with the percentage which the net income during such period of representative corporations, partnerships and individuals engaged in a like or similar trade or business was of their invested capital, then the deduction shall be an amount equal to the same percentage of its invested capital for the taxable year which the average deduction (determined in the manner heretofore set forth) for such year of representative corporations, partnerships or individuals engaged in a like or similar trade or business is of their average invested capital for such year, plus, in the case of a domestic corporation $3000, and in the case of a domestic partnership or a citizen or resident of the United States $6000. In cases where the Secretary of the Treasury is unable satisfactorily to determine the invested capital the amount of the deduction shall be determined in the manner set forth in this paragraph.

> This means that where a concern through accident or misfortune made subnormal profits during the prewar period as compared with its competitors, such concern shall be placed upon the same basis with its more fortunate competitors.

BUSINESS WITH NOMINAL CAPITAL

The limitation of the deduction to 7% or 9% of the capital invested does not apply in the case of a trade or business which is chiefly carried on by means of personal services and in which the capital is only nominal as compared with the gross income.

CLAIM FOR ABATEMENT

The tax shall be assessed upon the basis of the war excess profits determined, as illustrated in Examples 1, 2, 3, 4, and 5, but the taxpayer claiming the benefit of the subnormal provisions may, at the time of making his return, file a claim for abatement of the amount by which the tax so assessed exceeds the tax that would be payable under the subnormal provision. In such event collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but the Commissioner of Internal Revenue may require the claimant to give

a bond conditioned for the payment of any tax found to be due, with interest thereon. If such bond satisfactory to the Commissioner is not given within such time as he prescribes, the full amount of tax assessed shall be collected. Upon final decision if the tax has been overpaid such over-payment shall be refunded.

RETURNS—PARTNERSHIPS

Every foreign partnership having a net income of $3000 or more for the taxable year and every domestic partnership having an income of $6000 or more for the taxable year, shall render a complete return. Such returns shall be rendered at the same time and in the same manner and form as is now prescribed for income tax returns.

All provisions relating to returns and payment of the tax imposed, including penalties under the Income Tax Law, are made applicable to the War Excess Profits tax.

NO INVESTED CAPITAL

If a trade or business has no invested capital or not more than a nominal capital, it will pay, in addition to all other taxes, in lieu of the tax imposed by the graduated rates herein specified, a tax equal to 8% of the net income thereof in excess of the $3,000 in case of a domestic corporation, and $6,000 in case of a domestic partnership or citizen or resident.

War Tax on Beverages

(In effect on passage of Act)

The rates given here include both the old and the new taxes. No reference need be had to old laws in effect prior to the passage of the War Tax law.

DISTILLED SPIRITS

All distilled spirits in bond, or that may have been, or may hereafter be produced in, or imported into, the United States, must pay a tax of $2.20 on each proof gallon, or wine gallon when below proof. A proportionate tax at a like rate must be paid on fractional parts of a gallon. If the distilled spirits are intended for beverage purposes or for the production of other beverages, the tax is $3.20 a proof gallon, or wine gallon when below proof.

This tax must be paid by the distiller or importer when the liquor is withdrawn.

BEER, ALE, PORTER, ETC.

On all beer, lager beer, ale, porter and other similar fermented liquor containing one-half per cent or more of alcohol, a tax of $3 for each barrel containing not more than 31 gallons, and a like rate for fractional parts of a barrel, is imposed.

STILL WINES, VERMUTH, ETC.

All still wines, including vermuth, liqueurs, cordials, artificial or imitation wines, or compounds sold as wine, produced in or imported into the United States, or under control of the producer, holder, dealer, or compounder, must pay a tax as follows:

Wine containing not more than 14% alcohol, 8 cents a wine gallon.
Wine containing more than 14% and not more than 21% alcohol, 20 cents per wine gallon.
Wine containing more than 21% and not more than 24% absolute alcohol, 50 cents per wine gallon.
Liqueurs, cordials, and similar compounds, 3 cents per half pint.

All wines containing more than 24% absolute alcohol by volume are classed as distilled spirits, and are, therefore, taxed as such.

PERFUMES

All perfumes imported containing distilled spirits must pay a tax of $1.10 per wine gallon in addition to the customs tax, and a proportionate tax at a like rate on fractional parts of a wine gallon.

DISTILLED SPIRITS ON HAND

A tax of $2.10 on each proof gallon is imposed on all distilled spirits intended for beverage purposes, produced in or imported into the United States, on which the tax has been paid and which, on the day this law was passed, was held by a retailer in excess of 50 gallons in the aggregate, or by any other person, corporation, partnership or association in any quantity, in any form, and which are intended for sale. Where such spirits are not intended for beverage purposes the tax will be $1.10 a gallon.

RECTIFYING SPIRITS TAX

In addition to all other taxes there is a tax of 15 cents per proof gallon on all distilled spirits or wine, hereafter rectified, purified, or refined in such manner, and on all mixtures hereafter produced in such manner that the person so rectifying, purifying, refining or mixing them is a rectifier in the meaning of the law, and also on all such articles in possession of the rectifier the day this law passed.

The special tax of 15 cents a gallon does not apply to cordials or liqueurs, nor to the mixing and blending of wines where the blending is for the sole purpose of perfecting wines according to commercial standards, nor to blends made exclusively of two or more pure straight whiskies aged in wood not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water, and if not reduced below 90 proof. Such blended whiskies shall be exempt from this tax only when compounded under the immediate supervision of a revenue officer. When rectification is completed and the tax of 15 cents a proof gallon is paid, it is unlawful for the rectifier or other dealer to reduce in proof or increase in volume. The rectifier may, however, use again in rectification such spirits already rectified and on which the tax is paid.

No distilled spirits produced after the passage of this act shall be imported into the United States from any foreign country, or from the West Indian islands recently acquired from Denmark (unless produced from products the growth of such islands, and not then into any State or Territory or district of the United States in which the manufacture or sale of intoxicating liquor is prohibited), or from Porto Rico or the Philippine Islands. This shall not apply to distilled spirits imported for other than beverage purposes or use in the manufacture of or production of any article used as a beverage.

CHAMPAGNE AND OTHER SPARKLING WINES

On all champagnes and other sparkling wines, 6 cents per half pint; and on all artificially carbonated wines, 3 cents per half pint.

If any dealer had on hand any still wines, vermuth, champagne or other sparkling wines, liqueurs, cordials, artificial or imitation wines, in excess of 25 gallons, on the day of the passage of this law, on which he had already paid the old tax, he must pay a tax equal to the difference between the old tax and the total tax above specified.

GRAPE BRANDY

On all grape brandy or wine spirits withdrawn by the producer of wines from any fruit distillery or special bonded warehouse, a tax of 30 cents per proof gallon. Sweet wines held for sale by a producer on the day this law was enacted must pay an additional tax of 10 cents per proof gallon on grape brandy or wine spirits used in the fortification of such wine. An additional tax of 20 cents per proof gallon is imposed on grape brandy or wine spirits withdrawn by a producer of sweet wines for fortifying such wines, and not used prior to the passage of this law.

PENALTY

Violation will be deemed a misdemeanor and upon conviction the violator will be fined not more than $1000, or imprisoned not more than two years. In addition, he will be liable to double the tax evaded, together with the tax.

SOFT DRINKS

On prepared sirups or extracts intended for use in the manufacture of beverages commonly known as "soft drinks" by soda fountains, bottling establishments and similar places, sold by the manufacturer, producer or importer, the following taxes:

If not sold for more than $1.30 a gallon, a tax of 5 cents a gallon.
If sold for more than $1.30 a gallon, but not more than $2 a gallon, a tax of 8 cents a gallon.
If sold for more than $2 a gallon, but not more than $3 a gallon, 10 cents a gallon.
If sold for more than $3 a gallon, and not more than $4 a gallon, 15 cents a gallon.
If sold for more than $4 a gallon, 20 cents a gallon.

Unfermented grape juice, soft drinks or artificial mineral waters (not carbonated), and fermented liquors containing less than one-half per cent alcohol, sold by the manufacturer, producer or importer in bottles or other closed containers, and all ginger ale, root beer, sarsaparilla, pop, and other carbonated waters, or beverages, manufactured and sold by the manufacturer, producer or importer of the carbonic acid gas in carbonating same, are taxed at 1 cent a gallon.

On all natural mineral or table waters sold by the producer, bottler or importer in bottles or other closed containers at more than 10 cents a gallon, a tax of 1 cent a gallon.

Carbonic acid gas in drums or other containers, intended for use in the manufacture of carbonated waters or other drinks, 5 cents a pound. This tax must be paid by the purchaser to the seller, who will pay it to the Collector.

Monthly returns to the Collector, containing all the information necessary, are required of every manufacturer, producer, bottler or importer. This return must be made under oath, and may be called for at any time.

War Tax on Cigars, Tobacco, and Manufactures Thereof

(In effect 30 days after passage of Act)

CIGARS

Cigars and cigarettes manufactured and sold, or removed for consumption or sale, are taxed as follows, the tax to be paid by the manufacturer or importer (old and new taxes combined):

Cigars of all descriptions, made of tobacco or any substitute, and weighing not more than 3 pounds per 1000, $1 per 1000.

Cigars weighing more than 3 pounds per 1000, if manufactured or imported to retail at 4 cents or more each, and not more than 7 cents each, $4 per 1000.

Cigars manufactured or imported to retail at more than 7 cents, but not more than 15 cents each, $6 per 1000.

Cigars manufactured or imported to retail at more than 15 cents each, but not more than 20 cents each, $8 per 1000.

Cigars manufactured or imported to retail at more than 20 cents each, $10 per 1000.

The word "retail" means the ordinary retail price of a single cigar.

CIGARETTES

On cigarettes made of tobacco or any substitute, tax as follows:

Those weighing not more than 3 pounds per 1000, $2.05 per 1000.

Weighing more than 3 pounds per 1000, $4.80 per 1000.

TOBACCO AND SNUFF

Tobacco and snuff hereafter manufactured and sold are taxed at 13 cents a pound.

Manufactured tobacco or snuff in excess of 100 pounds, held for sale by any person, partnership, corporation or association, and all cigars, or cigarettes in excess of 1000, on the day of the passage of this law; and all manufactured tobacco, snuff, cigars or cigarettes, removed from the factory or custom house, prior to the passage of this law and which are on the day after this law is passed held and intended for sale, also all tobacco, cigars, cigarettes, or snuff removed from factory or custom house after passage of this Act and thirty days thereafter, must pay an additional tax equal to one-half the tax specified on such article.

CIGARETTE PAPER, TUBES, ETC.

Cigarette paper, made into packages, books, sets or tubes, made in, or imported into the United States, the following tax:

On each package, book or set, containing more than 25 but not more than 50 papers, one-half of 1 cent.

On each package, book or set containing more than 50 but not more than 100 papers, 1 cent.

On each package, book or set containing more than 100 papers, 1 cent for each 100 or fractional part thereof.

On tubes, 2 cents for each 100 tubes or fractional part thereof.

War Tax on Facilities by Public Utilities

(Effective November 1, 1917)

This is a new tax on railroad, steamship, sleeping car and other tickets; on freight and express shipments, telegraph and telephone messages, which tax must be paid at the time such tickets or services are paid for, by the person or corporation paying for them. The rates follow:

ON TICKETS

For transportation of persons by rail or water, or by any form of motor power, on a regular established line when in competition with a carrier by rail or water, between points in the United States, or to any point in Canada or Mexico, where the ticket is sold or issued in the United States, 8% of amount paid. Commutation or season tickets for trips less than 30 miles, or for transportation the fare for which does not exceed 35 cents are not included.

BERTHS, SEATS, ETC.

On all amounts paid for seats, berths and staterooms in parlor cars, sleeping cars, or on vessels, 10% of amount paid.

If a ticket or mileage book has been purchased before this law became effective, or if cash fare is paid, the tax is collected from the person presenting same, or paying cash fare, by the conductor or other agent. If a ticket is partially used before November 1, 1917, it shall not be taxed.

FREIGHT AND EXPRESS

For transportation of freight by rail or water by any form of mechanical motor power, when in competition with a carrier by rail or water, 3% of amount paid.

On parcels or packages by express over regular routes between fixed terminals, 1 cent for each 20 cents or fraction thereof paid therefor.

On the transportation of oil by pipe line, 5% of the amount paid therefor.

TELEGRAPH AND TELEPHONE MESSAGES

On each telegraph, telephone or radio message or conversation originating in the United States, where the charge is 15 cents or more, 5 cents. The person paying the charge must pay the tax.

REGULATIONS

If the carrier does not receive the amount which he would otherwise charge, he shall pay the tax equal to that which would be imposed if full payment for such transportation had been made.

The carrier is not required to pay tax on the transportation of any commodity necessary for its use in its business; or on the transportation of company material for another carrier which is a part of the railway system of such carrier.

Every person or corporation receiving payments of the tax on facilities or utilities must make monthly returns, under oath, in duplicate, to the Collector of the district in which the principal office or place of business of such person or corporation is located.

LIFE INSURANCE POLICIES

Eight cents on each $100 or factional part thereof of amount for which any life is insured under any policy of insurance, or other instrument. On policies for life insurance in excess of $500, issued on the industrial or weekly payment plan of insurance, 40 per cent of the amount of first weekly premium. Policies of reinsurance are exempt from this tax.

MARINE, FIRE, ETC., INSURANCE

One cent on each $1 or fractional part thereof of premium charged under each policy whereby insurance is made or renewed upon property of any description (including rents or profits) whether against peril by sea or inland waters, or by fire or lightning, or other peril. Reinsurance policies exempt.

CASUALTY INSURANCE

One cent on each $1 or fractional part thereof of premium charged under each policy of insurance of indemnity for loss, damage, or liability (except bonds taxable under the stamp tax provision) issued or executed or renewed by any person or concern whatsoever on any form of insurance, except life insurance and insurance described and taxed in the two preceding paragraphs. Reinsurance policies exempt.

Every person or concern issuing insurance policies upon which a tax is imposed shall within the first 15 days of each month make a return under oath, in duplicate and pay such tax to the Collector of the district in which the principal place of business is located.

War Excise Taxes

(Effective on day of passage)

AUTOMOBILES AND MOTORCYCLES

On all automobiles, trucks, automobiles, wagons, and motorcycles, sold by the manufacturer, producer, or importer, 3% of the price for which sold.

MOTOR AND SAILING BOATS, YACHTS

On the day this law became effective, and hereafter on July 1 in each year, and also at the time of the original purchase of a new boat by the user, if on any other date than July 1, a tax is imposed on the use of yachts, pleasure boats, power boats, and sailing boats of over five net tons, and on motorboats with fixed engines, not used exclusively for trade or national defense, and not built according to plans and specifications approved by the Navy Department, as follows:

Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over five net tons, length not over 50 feet, 50 cents for each foot. Over 50 feet and not over 100 feet, $1 for each foot. Over 100 feet, $2 for each foot; motor boats of not over five net tons, with fixed engines, $5.

GRAPHOPHONES, PHONOGRAPHS, ETC.

On piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, sold by the manufacturer, producer, or importer, 3 per cent of the price for which sold.

MOVING PICTURE FILMS

On all moving picture films (which have not been exposed) sold by the manufacturer or importer, 1–4 of 1 cent per linear foot.

On all positive moving picture films (containing a picture ready for projection) sold or leased by the manufacturer, producer, or importer, 1–2 of 1 cent per linear foot.

JEWELRY

On any article commonly or commercially known as jewelry, whether real or imitation, sold by the manufacturer, producer, or importer, 3 per cent of the price for which sold.

SPORTING GOODS

On tennis rackets, golf clubs, baseball bats, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard and pool balls; fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games) sold by the manufacturer, producer, or importer, 3% of price for which sold.

TOILET ARTICLES

Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentifrices, tooth paste, aromatic cachous, toilet soaps and powders, or any similar substance, article or preparation by whatsoever name known or distinguished, which are used or applied or intended to be used or applied for toilet purposes, 2% of price for which sold.

PROPRIETARY MEDICINES

Pills, tablets, powders, tinctures, troches or lozenges, sirups, medicinal cordials or bitters, anodynes, tonics, plasters, liniments, salves, ointments, paste, drops, waters (except those specified under beverages), essences, spirits, oils, and all medicinal preparations, compounds, or compositions, the manufacturer or producer of which claims to have any private formula, secret, or occult art for making or preparing, or claims to have any exclusive right to the making or preparing, or which are sold under letters patent or trademarks, or which are held out or recommended to the public as proprietary medicines or remedies, 2% of price for which sold.

Each manufacturer, producer or importer of any of the articles enumerated under the above heads must make monthly returns, under oath, in duplicate, and pay the taxes to the Collector of the district in which such taxpayers' principal place of business is located.

CHEWING GUM

On chewing gum or substitutes therefor sold by the manufacturer, producer, or importer, 2 per cent of the price for which sold.

CAMERAS

Cameras sold by the manufacturer, producer, or importer, 3% of the selling price.

FLOOR STOCK

On automobiles, automobile trucks, automobile wagons, motorcycles, piano players, graphophones, phonographs, talking machines, records used in connection with any musical instrument, moving picture films, jewelry, sporting goods (as enumerated under that heading), toilet articles (as enumerated under that heading), proprietary medicines (as enumerated under that heading), chewing gum and cameras, which on the day the war revenue Act went into effect were held or intended for sale by any person, corporation, partnership, or association, other than a retailer who is not also a wholesaler, or by the manufacturer, producer, or importer thereof, one-half of the tax imposed on the sale of such articles.

War Tax on Admissions

(Effective Nov. 1, 1917)

This is a new tax, on admissions to places of amusement where a charge in excess of 5 cents is made. It does not, however, include admissions to outdoor general amusement parks, or to shows and rides therein, the maximum price for admission to which is 10 cents, or to places the proceeds of which go exclusively to the benefit of religious, charitable or educational institutions; or to agricultural fairs. The list of taxes follows:

A tax equivalent to 10% of any amount paid as dues or membership fees (including initiation fees) to any social, athletic, or sporting club or organization when the dues are in excess of $12 per year; to be paid by the person making such payments.

One cent for each 10 cents or fraction thereof of the amount paid for admission to any place, including admission by season ticket or subscription, the tax to be paid by the person paying the admission charge.

On admission of children, where a charge is made, one cent in every case.

On admissions to any public performance for profit at any cabaret or similar entertainment to which the charge for admission is wholly or in part included in the price paid for refreshments or services, one cent for each 10 cents or fraction thereof, the tax to be paid by the person paying for the refreshment or service.

On free admissions a tax at the same rate as for similar paid admissions.

On the permanent use of boxes or seats in an opera house or any place of amusement, 10 percent of the amount for which a similar box or seat is sold for a single performance.

Every person, corporation, partnership or association collecting admissions shall collect the tax at the same time and make monthly returns and payments, under oath, in duplicate, to the Collector of the district in which his or their principal office or place of business is located.

War Stamp Taxes

(Effective Dec. 1, 1917.)

BONDS OF INDEBTEDNESS

On bonds, debentures, or certificates of indebtedness issued on and after Dec. 1, 1917, 5 cents on each $100 of face value or fraction thereof.

BONDS, INDEMNITY AND SURETY

Bonds indemnifying any person, corporation, or partnership, and all bonds for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, and all other bonds of any

description, except such as may be required in legal proceedings, not otherwise provided for, a tax of 50 cents.

Where a premium is charged for the execution of such bond the tax is one per cent on each dollar or fractional part of the premium charged. Policies of reinsurance are exempt from this tax.

CAPITAL STOCK

Certificates of stock on each original issue whether on organization or reorganization, by any association, company, or corporation, 5 cents on each $100 of face value or fraction thereof, stamps representing said tax to be attached to the stock book, and not to the certificate issued.

If the stock is without face value the tax is 5 cents a share unless the actual value is over $100 a share, in which case the tax is 5 cents on each $100 of actual value or fraction thereof.

STOCK SALES OR TRANSFERS

On all sales or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to shares or certificates of stock in any association, company, or corporation, whether made upon or shown by the books, or by assignment in blank, or by any delivery, or by any other evidence of transfer or sale, 2 cents on each $100 of face value or fraction thereof.

If stock has no par value, the tax is 2 cents on the transfer or sale or agreement to sell on each share. If the actual value is over $100 a share, the tax is 2 cents on each $100 or fraction thereof.

PROMISSORY NOTES

Drafts or checks payable otherwise than at sight or on demand, promissory notes, except bank notes issued for circulation, and for each renewal of same, for a sum not exceeding $100, 2 cents; and for each additional $100 or fractional part thereof, 2 cents.

CONVEYANCES

On every deed, instrument of writing granting, assigning, transferring or conveying realty, when the consideration or value of the property conveyed, exclusive of liens or encumbrances, exceeds $100 and does not exceed $500, 50 cents; and 50 cents additional for each additional $500 or fractional part thereof.

STEAMSHIP TICKETS

On tickets, costing more than $10, sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, or Mexico, if costing not exceeding $30, $1; costing more than $30 and not exceeding $60, $3; costing more than $60, $5.

CUSTOM HOUSE ENTRIES

Entry of goods at any custom house, not exceeding $100 in value, 25 cents. Exceeding $100 and not exceeding $500, 50 cents; exceeding $500, $1.

Entry for withdrawal of goods from customs bonded warehouse, 50 cents.

PROXIES AND POWER OF ATTORNEY

Proxies for voting for officers or business meetings, except religious, educational, charitable, fraternal or literary societies, or public cemeteries, 10 cents.

Power of attorney from a grantor when such authority is not otherwise vested in the grantee, 25 cents.

PLAYING CARDS

On every pack of playing cards of not more than 54 cards, manufactured or imported and sold, after the passage of this act, 7 cents per pack.

PARCEL POST PACKAGES

On every parcel or package transported by parcel post between points in United States on which the postage amounts to 25 cents or more, one cent for each 25 cents or fractional part thereof charged, tax to be paid by sender.

PRODUCE SOLD ON EXCHANGE

On each sale, or agreement to sell, including so-called "scratch sales," of any product or merchandise at any exchange or board of trade, or similar place, for future delivery, 2 cents for each $100 in value, and 2 cents for each additional $100 or fractional part in excess of $100.

Every sale or agreement of sale, or agreement to sell, must be accompanied by a bill, memorandum, agreement, or other evidence of the transaction, to which there shall be affixed stamps to the amount of the tax.

EXCEPTIONS AND REGULATIONS

These taxes do not apply to agreements evidencing a deposit of stock certificates as collateral security for money loaned thereon, nor to deliveries or transfers to a broker for sale, nor to transfers by a broker to a customer on whose order he has purchased; but such transfers must be accompanied by a certificate setting forth the facts.

In case of sale where the transfer is shown only by the books of the company, the stamp must be placed on the books. When the transfer certificate is made the stamp must be placed on the certificate.

In cases of agreement to sell, or where the transfer is by delivery of the certificate assigned in blank, a bill or memorandum of the sale must be given to the buyer with the stamp affixed. Such bill or memorandum must show the date of sale, name of seller, amount paid, and description of the thing sold.

PENALTY

Failure to affix proper stamps, with intent to evade the law, subjects the offender to a fine not exceeding $1000, or imprisonment not more than six months, or both.

Special Taxes

(Old Law)

CAPITAL STOCK.

Every corporation, joint-stock company or association, organized for profit and having a capital stock represented by shares, and every insurance company, shall pay annually a special excise tax with respect to the carrying on or doing business equivalent to 50 cents for each $1,000 of the fair value of its capital stock, and in estimating the value of capital stock the surplus and undivided profits shall be included.

An exemption of $99,000 shall be allowed from the capital stock as defined, of each corporation, joint-stock company or association, or insurance company. This tax is not imposed upon any corporation, joint-stock company or association, or insurance company not engaged in business during the preceding taxable year, or which is exempt under the income tax law.

An exemption is allowed foreign corporations equal to such proportion of $99,000 as the amount invested during the preceding year bears to the total amount invested in the business in the United States. Foreign corporations must make return of capital invested outside the United States.

BROKERS

Stock and bond brokers, $30; pawnbrokers, $50; ship brokers, $20; custom house brokers, $10.

THEATERS, ETC.

Having a seating capacity of not more than 250, $25; seating more than 250 and not more than 500, $50; seating more than 500 and not more than 800, $75; seating more than 800, $100. In towns of 5,000 or less, one-half the above taxes.

Circuses $100. All other public exhibitions or shows for money, $10.

This does not include chautauquas, lecture lyceums, agricultural or industrial fairs or exhibitions held under the auspices of religious or charitable associations.

Bowling alleys and billiard rooms, $5 for each alley or table.

Postal Rates

(Effective 30 days after passage.)

On all first-class mail matter, except postal cards and drop letters, 3 cents per ounce or fraction thereof.

On drop letters of the first class, 2 cents an ounce or fraction thereof.

On postal cards and private mailing or post cards, 2 cents each.

On publications entered as second-class matter sent by the publisher or news agent, the rates are as follows:

On the portion of such publications devoted to matter other than advertisements, beginning July 1, 1918, 1¼ cents per pound; on and after July 1, 1919, 1½ cents per pound.

On the portion of such publications devoted to advertisements the rates are based on the zones of the parcel post system:

ZONE	RATE PER POUND			
	On and after July 1, 1918	On and after July 1, 1919	On and after July 1, 1920	On and after July 1, 1921
First and second	1¼ cts.	1½ cts.	1¾ cts.	2 cts.
Third	1½ cts.	2 cts.	2½ cts.	3 cts.
Fourth	2 cts.	3 cts.	4 cts.	5 cts.
Fifth	2¼ cts.	3½ cts.	4¾ cts.	6 cts.
Sixth	2½ cts.	4 cts.	5½ cts.	7 cts.
Seventh	3 cts.	5 cts.	7 cts.	9 cts.
Eighth	3¼ cts.	5½ cts.	7¾ cts.	10 cts.

Where the space devoted to advertisements does not exceed five per cent of the total space the rate of postage is the same as if the whole of such publication were devoted to matter other than advertisements.

On newspapers and periodicals maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations, not organized for profit, and none of the net income of which inures to the benefit of any private stockholder or individual, the second-class postage rates shall be, on and after July 1, 1918, 1⅛ cents a pound, and, on and after July 1, 1919, 1¼ cents a pound, irrespective of the zone in which delivered.

Letters written and mailed by soldiers, sailors and marines assigned to duty in a foreign country engaged in the present war may be mailed free of postage.

Where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed one pound, the rate of postage shall be one cent.

Definitions of Tax Terms Used

"Domestic" means created under the law of the United States, or any state, territory, or district, and "foreign" means created under the law of any other possession of the United States or of any foreign country.

"Corporation" includes joint stock companies or associations and insurance companies.

"Taxable year" means the twelve months ending December 31, excepting in the case of a corporation or partnership which has fixed its own fiscal year, in which case it means such fiscal year.

"Prewar Period" means the calendar years 1911, 1912, and 1913; or if a corporation, partnership, or individual was not in business during the whole period, it means as many of such years during the whole of which it was in business.

"Net Income" means in the case of a foreign corporation or partnership or non-resident alien person, the net income received from sources in the United States.

"United States" means only the States, the territories of Alaska and Hawaii, and the District of Columbia.

"Trade" and "business" includes professions and occupations.

ADDENDA

WAR EXCESS PROFITS TAX

In order to cover a case under the War Excess Profits tax, other than the examples shown on pages 15, 18 and 19, the following example is added:

EXAMPLE NO. 6

In case of an individual who receives income not based on invested capital, as salary or proceeds of a commission business or of a profession, the War Excess Profits tax is levied upon the net income less a flat deduction of $6,000, and at a flat tax rate of 8%.

Salary	$50,000
Deduction	6,000
Taxable Income	$44,000
Rate of tax	8%
Tax	$ 3,520

NOTE: Where the sum of the flat deduction and the percentage deduction exceed 15% of the taxable year capital, the total deduction shall be 15% of such capital.

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